

Analyzing American Business

of the Spanish Main, and no band of buccaners of the days of Drake ever faced death with less thought or more courage than this group of well educated and well bred Americans. One of the crew has pictured Guy, even when expecting death any moment, regretting the loss of ship and the failure of the expedition.

IN December, 1908, Guy Scull was appointed to a position in the New York city Police Department. His ideas of personal attire had apparently undergone a radical change since the time he was on his way to Venezuela in the company of James H. Hare, for according to the testimony of "Boots" Trojan, a detective sergeant, "I had Scull all wrong from the start. The first time I went in to see him I said to myself, 'My God, he's a portrait.' He looked like one of those swell canvases hanging up there in the Park. But you see, the only person I was kidding was myself. I jumped at a guess on that fellow and muffed him, absolutely. I had to wait that day before getting to him, and as I studied him in those few minutes I knew my first guess was wrong. Although he looked dressy, he wasn't. Get me? It wasn't his clothes. Anything would look good on that fellow. He didn't say much but he had a drawl like a comedian, and yet you didn't know whether he was stringing you or in earnest, and you liked it. Then I took a real tumble to his face. It was a portrait, but it was class. . . . That was Scull as I saw him first and afterward learned to know him, and I don't want to know any better."

WHEN the Bingham administration went out of office Guy Scull linked up with "Buffalo Jones," and the two went to Nairobi for the purpose of lassoing lions. The story of that adventure has been told by Scull in "Lassoing Wild Animals in South Africa." In 1910 he was on the Mexican border, and in 1912 the State Department sent him to Nicaragua. Then came his association with Arthur Woods when the latter was Police Commissioner. Probably Scull's greatest work was in connection with the war. In 1914 he was placed in charge of a squad for detective work to maintain the neutrality of the United States. He dealt with German plots to destroy factories, to blow up trains, and to sink ships. When America went into the war the work of the squad changed into counter-spy work. Washington called him and he became chief of the Military Intelligence Division General Staff, known as the Graft and Fraud Section. The war over, Guy Scull went to Cedarhurst, L. I., to live. After an illness of three days, he died as the result of a virulent infection, on October 29, 1920.

During the early spring the J. B. Lippincott Company will publish a novel on the South, entitled "A Little Leaven," by Katherine Grey. The scene of this story is laid largely among the mountains of Kentucky, and gives a picture of the mountain people and the lives they lead.

In the two volume "Life of Elizabeth Cady Stanton," this pioneer feminist's life story which the Harpers will publish next week, one reads: "The Episcopal marriage service not only still clings to the word 'obey' but it has a most humiliating ceremony in giving the bride away. I was never more struck with its odious and ludicrous features than on once seeing a tall, queenly looking woman, magnificently arrayed, married by one of the tiniest priests that ever donned a surplice and gown, given away by the smallest guardian that ever watched a woman's fortunes, to the feeblest, bluest looking little groom that ever placed a wedding ring on bridal finger. Seeing these Lilliputians around her, I thought, when the little priest said, 'Who giveth this woman to be married to this man?' that she would take the responsibility and say, 'I do, but no! there she stood, calm, serene, as if it were no affair of hers, while the little guardian, placing her hand in that of the little groom, said, 'I do.' Thus was this stately woman banded about by these three puny men, all of whom she might have gathered up in her arms and borne off to their respective places of abode."

WEALTH AND INCOME OF THE AMERICAN PEOPLE. By Walter Renton Ingalls. The G. H. Merlin Company.

THE FOREMAN AND HIS JOB. By Charles R. Allen. J. P. Lippincott Company.

BANKING AND BUSINESS. By H. Parker Willis and George W. Edwards. Harper & Brothers.

THE STOCK MARKET. By S. S. Huebner. D. Appleton & Co.

FOREIGN TRADE MARKETS AND METHODS. By Clayton S. Cooper. D. Appleton & Co.

I.

THE American people have always been rather careless in their methods of industry. They seemed to have unlimited natural resources. Their democratic theories made them undervalue the specialist. To give serious thought to production seemed somehow niggardly and un-American. The economic consequences of the war are showing us that we can not escape the universal laws of economics. We are now plunging into a study of efficiency in a very thorough manner and are paying attention to what experts have to tell us. A group of recent books illustrates this tendency. A few years ago there would have been no demand for authoritative information gained through specialized research. Every free born American citizen took pride in running his business to suit himself.

II.

Walter Renton Ingalls, former president of the Mining and Metallurgical Society of America and editor of the *Engineering and Mining Journal*, has attempted to estimate the "Wealth and Income of the American People." He is primarily concerned with the economic consequences of the war. With the best will in the world and the best available material obtainable, he feels that his work is rather incomplete through lack of reliable statistics, and he says that his book is what in engineering parlance is called a horseback survey. He asks, "Was it true that the United States had become rich as a result of the war, which was the common belief? Or was it true that our national wealth had become impaired by virtue of the economic waste, although we had escaped the physical ravages of warfare? An answer to these questions could be given intelligently only after making an examination of the positions before and after the war and making comparisons."

He says: "In brief, the world became poorer by war, poorer in property and poorer in morale of the people." He quotes a French economist as saying that we must make savings out of our present production in order to compensate for the material consumed without replacement during the war, and adds: "This is a logical expression, in broad terms, of the economic consequences of the war. It is irrefutable except by the assumption of an offsetting condition, viz, improvement in efficiency. I shall show that that condition did not develop and does not yet exist. Speaking generally and in the broadest terms, I think that it is probable that the result of the war was impairment in the world's ability to produce rather than improvement. If that be so, and most of the evidence supports the idea, there was not even the germ of rationality in the expectation that a result of the war would be a new and higher scale of living for the world. We cannot hope to begin to handle ourselves properly as a people either in the economic or commercial or political ways until we can ascertain the facts, until everybody can be made to see them clearly and face them, no matter how uncomfortable they may be, and govern themselves accordingly."

Mr. Ingalls takes up each field of internal production and shows that more money has been wasted than in increasing our supply of wealth. Labor has frequently assumed that to diminish the output was a benefit. The country suffers from this fallacy. Mr. Ingalls has a fairly accurate record of American investments outside the United States. He has a good chapter on intangible wealth in which he points out the value of organization and management. However, his conclusions are rather pessimistic. His estimate is, "In short, 25,500,000 families in the United States find themselves at the present time in the

possession of wealth to an average amount of about \$10,300 per family compared with about \$10,550 in 1916. They have in prospect an average income of not to exceed \$1,400 per annum and have let themselves be led into a habit of spending nearly \$2,000 per annum (in 1919), whereas in 1913 they had an average income of about \$1,400 per annum and spent an average of only \$1,150. An individual family in such a position as the present one would make up its collective mind that it had to cut down expenses anyhow and increase its income if it could. That is just what the people as a whole are constrained to do."

III.

Charles R. Allen's book, "The Foreman and His Job," takes up one side of the problem of increasing production. Business men are now realizing that morale is as important in industry as in war. Business has become increasingly impersonal. The foreman is the human link in the chain. He interprets the workers and the management to each other. Mr. Allen says: "We must perfect processes, but it must be the foreman who sees that they are correctly carried out; we must have first class men on the job, but it is the foreman who must see that the conditions are such that these men can do a first class job. We must invent new types of equipment, but the foreman is the man who must see that it is operated effectively and not abused. We must cut down turnover and save the cost of continually changing our force, and the foreman can do more than any other one man to bring this about. For all these reasons and for many others the American foreman in the American plant can do as much, if not more, than anybody else to enable our industries to make good under the new conditions."

Mr. Allen does more than tell what should be done. He shows us how to accomplish the result. He writes primarily for foremen, and his book has suggestive questions for conferences. He assumes that the foreman knows the technical elements of his specific task, but it deals with three of the most important factors in production—supervision, cost control and instruction. It gives the foreman points in his triple role of supervisor, manager and instructor. The book is written in the language of the man of the street and employs many illustrations from baseball and other sports. It is important primarily for its exposition of the analysis method, which is revolutionizing industry and making it more scientific. However, the chapters which deal with the problem of maintaining morale are a contribution to the problems of the human element in industry.

IV.

In "Banking and Business" Prof. H. Parker Willis and George W. Edwards have produced a text book which is not academic in its point of view and will be of practical assistance to the banker. They have treated banking from a new angle. In the older studies of political economy the bank was considered in relation to the theory of money. Banks were considered as historic phenomena, with little relation to the part they maintained in assisting production. These two professors write for "those who are pursuing their studies with a view to actual business life," and so in addition to theory and principle they supply a general outline of the actual methods adopted by banks in the conduct of their own operations and by exposition of their relationship to other types of business. They have tried to show the business aspect of the bank as viewed from outside.

The bank is linked up with the system of credit, and the authors say: "The essential function of the bank is that of making sure that given individuals may safely transfer values to others. The bank enters in as a buffer between the buyer and the seller. It takes the risk, and the amount which it charges for this service is more nearly in the nature of an insurance premium than it is as a payment for 'abstinence' from the immediate use of 'money' or even of 'wealth.'"

The authors take up specific branches of banking, showing the distinctions between commercial and investment banks, but they say: "From this survey it must not be concluded that the banking structure of the United States is composed of a number of groups of specialized institutions, for there has been little tendency toward specialization in the

field of banking proper. A large commercial bank has frequently absorbed a trust company, or, on the contrary, a progressive trust company, desirous of entering into commercial banking, has at times taken over a long established bank. These mergers have resulted in powerful banking institutions, which have further extended their activities to include other fields of finance by opening departments for receiving time deposits and also by operating securities departments for handling investments. A large modern bank is therefore able to offer its customers practically every financial service in much the same manner that a department store places on sale goods of every description."

As will be seen, this book concentrates on banking as it is at present conducted, and there is an especially good survey of banking methods and laws and an explanation of the Federal Reserve organization. Prof. Willis was formerly secretary of the Federal Reserve Board.

V.

Prof. S. S. Huebner of the Wharton School of Commerce and Finance at the University of Pennsylvania may well write on the stock market, as he was the first man to give a course on organized security and produce exchange markets, and he has embodied in his book the result of teaching for seventeen years.

The layman thinks of the stock market as primarily a rather parasitical place, little better than a faro hall. Its functions are not understood. It performs a service for the ultimate producer by equipping the market. In general, it is a useful functions, protecting the holder of securities, directing the flow of capital from unproductive to profitable channels and discounting future business conditions. Prof. Huebner has performed a good work in his lucid explanation of this misunderstood group of financiers. He shows that many practices of the exchange which seem mere gambling have an economic justification. Of "hedging," for example, he says: "It is generally maintained by the leading interests in the market that without the hedging privilege farmers would receive an average price at least 10 per cent. under that prevailing today. Fundamentally, therefore, hedging is insurance against a real hazard in business. Here, by means of short selling, a type of risk is assumed by speculators so dangerous that no private insurance company has ever ventured to underwrite the same."

Prof. Huebner also describes the actual organization and operation of the stock exchange. He next shows us what the fundamental factors are which govern the prices of securities. He attempts to explain financial panics and business depression. Of more practical value to the general reader are his final chapters, explaining those legal principles and usages of the stock market which should be familiar to those who deal with brokers.

VI.

In "Foreign Trade Markets and Methods" Clayton S. Cooper urges us to enlarge our national influence by trade, since we are living in an age of wider horizons. He says: "What years of propaganda, literary and political, have failed to accomplish in the way of building up a merchant marine the war has accomplished at a single stroke, and American ships again are found upon the 'seven seas.' Our country through the exigencies of war has become the creditor nation of the world, and by reason of our characteristic material accomplishment in technical and industrial construction, together with our financial precedences, we have become involved irresistibly in organizations entrusted with the reconstruction of large portions of Europe. Our greatly enlarged activities in Latin America during war time, and particularly in view of the greater shipping facilities utilized with our southern neighbors, have brought about a new era of trade opportunity on this continent, while in a manner never known before the widening of the horizon of our people by reason of knowledge and experience, particularly in the European conflict, has brought us into new trade relationships with Africa and the Orient."

As there is much competition for the foreign market, Mr. Cooper believes that the prospective foreign salesman should be a man of more than average grasp. He says: "In other words, foreign salesmanship

means virtually all of the abilities and accomplishments of the home salesman—plus." "It is well for salesmen to remember that in offering goods the salesman sells himself first, and if he is the real thing his product and house will not lack acceptance in foreign communities."

In this book Mr. Cooper gives many specific hints which the exporter may find useful, as, for example, a list of foreign newspapers which are valuable to the American exporter. He does not neglect any of the technical phases of the subject, but his main emphasis is upon one point, the need of understanding the market. Knowing what goods are in demand so that one will not send coals to Newcastle is but a minor phase of understanding the market. Differences of national temperament play a very important part. The ordinary methods of the American business man are too brusque and shock the sensibilities of more leisurely races. A good salesman must understand the viewpoint of those with whom he hopes to deal.

Mr. Cooper sees the problem of foreign salesmanship as primarily concerned with the psychology of other races. This is something which only experience can teach, but, as Mr. Cooper has traveled widely, he is able to give the fruits of his personal observation. In his chapters "Can Trade Westernize Asia," "Trade With the New Europe" and "Understanding Britishness," for example, he gives significant anecdotes to illustrate national customs and shows us how to think the thoughts of the other man. His book contains photographs of commercial activities in all quarters of the globe. Trade has made the world smaller, and Mr. Cooper hopes that it will make it better and friendlier.

ESSENTIALS OF INDUSTRIAL COSTING. By George S. Armstrong. D. Appleton & Co.

IF it be allowable to compare a business to the human body, we can say that physicians of industry are becoming necessary to find what is needed to keep the complex mechanism in good order. The expert in industrial costing, such a man as Mr. Armstrong, may be considered a diagnostician. He shows us how to investigate the health of a corporation. No business can succeed without an accurate analysis of its expenditure. Modern industry is so complex that costing has become a complete science.

Mr. Armstrong's book is of more than theoretic value. He shows his readers just how to reach their conclusions. Reading his book is just like watching a clock maker put a clock together. He shows every step of the process. He gives sample documents which show how far industry has advanced. The costing of a large plant is almost as complicated a task as figuring out an income tax schedule. There are more factors than the layman realizes. For example, in the costing of material one must take into consideration fluctuation in price, scrap, waste and spoilage. Mr. Armstrong shows that the costing of labor is extremely complicated. He has rather original views on the costing of interest and depreciation.

Although Mr. Armstrong feels that no portion of a business can be neglected, without the possibility of harming the whole organization, he does not believe in being obsessed with detail. He quotes with approval Lord Chesterfield's admonition to his son, "But remember in accounting as well as in every other part of life, have the proper attention to proper objects, and the proper contempt for weak ones. A strong mind sees them in their true proportion, a weak one views them through a magnifying medium, which like the microscope makes an element of a flea, and magnifies all little objects but cannot conceive great ones."

"My Boyhood" is the title of the posthumous volume by John Burroughs which Doubleday, Page & Co. will publish on March 24. The book is the story of his childhood, which the naturalist wrote a number of years ago for his son Julian. It is a picture of Burroughs's boyhood on his father's farm eight years ago and gives a picture of the life of the self-contained, self-sufficient household where they raised their own food, made most of their own clothes and thought their own thoughts, a life almost as different from ours as that of the stone age. The book is evidence of an old man's ability to think himself back into childhood, for Mr. Burroughs has recaptured the boy's psychology with vivid fidelity. The introduction is by his son.